Fact Sheet
for
Draft Environmental Cooperative Agreement
between
Wisconsin Electric Power Company
and
Wisconsin Department of Natural Resources

Principal facts pertaining to the Agreement

The proposed Agreement would allow Wisconsin Electric to recover coal ash from any of nine company-owned landfills and convert it from a waste product into a valuable commodity. The recovered ash would either be used to make an aggregate material for construction uses or be blended with coal and burned at the Pleasant Prairie Power Plant to generate electricity. This proposal would lead to significant environmental benefits, including the following:

- Over the long term, it could enable Wisconsin Electric to completely eliminate one or more landfills and put that land to a more productive use. Due to the size of these landfills, that possibility is not likely to occur during the five-year duration of this cooperative agreement, but it is a very desirable long-term goal. At the very least, the proposed Agreement would extend the useful capacity or life of the company's operating landfills, minimize the possibility that any new landfills would need to be sited, and reduce the long-term risk of soil or groundwater contamination associated with landfills.

- Any ash that is recovered and used to make aggregate would displace sand or gravel currently used to make the same products, with no reduction in the quality or safety of those final products. This would thereby reduce the land use and environmental impacts of displaced sand and gravel operations.

- Some of the ash to be recovered still contains significant amounts of energy; in fact, all ash tested to date meets the standard definition of "coal." The ash therefore represents an underutilized energy resource. Any ash recovered and used to generate electricity would displace some of the coal currently used, with no appreciable increase in air emissions. In fact, the company hopes to displace at least 10,000 tons of coal per year through this practice. The proposed Agreement would thereby reduce the environmental impacts associated with coal mining and secondary impacts caused by the cross-country transport of coal. Looking at it a different way, the company hopes to generate more than 10,000 MWh of electricity per year by burning coal ash that might otherwise remain forever in a landfill. This is enough electricity to meet the average annual needs of more than 1000 Wisconsin homes!

Wisconsin Electric's proposals for ash recovery and reuse are all approvable under standard Wisconsin rules, but normally would require multiple case-by-case approvals for each specific landfill and each end use. Granting a blanket approval via a cooperative agreement allows both Wisconsin Electric and the Department to realize substantial savings of time and labor. This means Wisconsin's environment will realize the benefits of this proposal much more quickly and at lower cost to all sides than it would in the absence of a cooperative agreement.

In addition to the proposal for ash recovery and reuse, Wisconsin Electric will install a modern environmental management information system to add even greater assurance of continual compliance with all regulations. Furthermore, the company is committing to ongoing environmental research concerning mercury air emissions and continuous particulate matter emission monitors. And finally, the company will share its environmental expertise and expand the benefits of this program by conducting environmental audits of key suppliers, including any contractors hired to recover ash from company landfills.

Variances that would be granted by the proposed action

The draft Agreement does not grant any variances to environmental standards, emission limits, or pollution control requirements. Restated another way, it does not allow Wisconsin Electric to impact the environment in ways not currently allowed under state and federal rules and laws. The Agreement does, however, provide alternative and/or streamlined procedures for certain administrative requirements in the areas of monitoring, reporting, and permitting. These alternative procedures will save Wisconsin Electric and DNR both time and money, without jeopardizing environmental quality.

Significant factual, legal, methodological, and policy questions considered by DNR

DNR thoroughly reviewed all elements of this draft Agreement. Several key questions were considered. First, DNR considered the possible safety and environmental impacts of recovering ash from landfills, and negotiated terms (included in Attachment 1 to the Agreement) that are not overly burdensome but ensure adequate safeguards remain in place. Second, DNR completed an analysis and determined that the proposal to burn recovered ash at Pleasant Prairie Power Plant would not exceed any emission limits, jeopardize air quality, or trigger new pollution control requirements. Third, DNR negotiated terms to ensure that the alternative monitoring procedures in the Agreement will provide sufficient information to allow for the timely identification and correction of problems. Fourth, DNR considered whether the streamlined reporting requirements would still provide the information needed to evaluate compliance and track performance. In this area, the conclusion is that DNR will now have access to more information about this source than ever before. Finally, significant questions were considered regarding the permit streamlining proposals. DNR negotiated terms that provide safeguards to ensure there are no adverse environmental impacts and there is adequate regulatory oversight. DNR maintains the ability to review and, if necessary, prevent any project from being completed if the project has unacceptable air quality

impacts. Nevertheless, the Agreement will reduce the administrative burden of permitting and encourage Wisconsin Electric to make process efficiency improvements.

It was also necessary to consider the fees that are normally assessed under air pollution rules for construction permits and for research and testing permit exemptions. Regarding construction permits, Wisconsin's laws and regulations require that sources pay a fee when they are issued a permit. The Agreement will exempt Wisconsin Electric from permitting in certain special situations. In those situations, a fee will not be assessed because a permit will not be issued. Wisconsin's rules also require a fee whenever DNR grants a permit exemption for research and testing purposes. In this case, DNR concluded that the Agreement creates an alternative procedure for granting research and testing exemptions, but the end result is still an exemption and thus still subject to the fees dictated by rule.

Consistency with statutory obligations

The proposed Agreement is consistent with the statutory goals and requirements of the Environmental Cooperation Pilot Program, as specified in ss. 299.80(2) and (3), Wis. Stats. Wisconsin Electric has committed to developing an environmental management system that meets the requirements of ISO 14001 within one year. The company has expressed a commitment to superior environmental performance. The proposed Agreement includes measurable and verifiable goals for waste reduction, improved efficiency, and reduced use of natural resources. Pollution limits remain verifiable, enforceable, and at least as stringent as they otherwise would be.

Under the terms of this Agreement, Wisconsin Electric will perform periodic audits and performance evaluations. The company will meet regularly with interested persons from the community surrounding the plant, and those stakeholders will be involved in meaningful ways in reviewing environmental performance and discussing issues. Finally, the company will report periodically to the DNR and interested persons group on the implementation of the Agreement and on the company's environmental performance.

The terms of this Agreement will lead to increased trust among Wisconsin Electric, the public, and DNR. The Agreement will reduce the amount of time spent by Wisconsin Electric and DNR on administrative tasks that have no direct environmental benefit, and it will serve as a useful experiment and model that may help other companies improve their environmental performance.